



Florida Department of Transportation

RON DESANTIS
GOVERNOR

605 Suwannee Street
Tallahassee, FL 32399-0450

KEVIN J. THIBAUT, P.E.
SECRETARY

POLICY

Effective: September 20, 2007
Review: July 29, 2019
Office: Turnpike Enterprise
Topic No.: 000-350-010-e

DEBT MANAGEMENT GUIDELINES FOR THE TURNPIKE SYSTEM

The following guidelines are intended to:

- Establish a basic framework to guide management decisions that impact the debt position of the Turnpike System and the credit quality of its bonds.
- Communicate the Department's commitment to a sound financial decision making process.
- Affirm to the credit rating agencies and investors that the financial viability of the Turnpike System will be maintained in the future.

Article VII, Section 11 (d) of the Florida Constitution authorizes the sale of revenue bonds to finance the cost of capital projects. **Section 338.2275, Florida Statutes**, authorizes the Division of Bond Finance to sell, on the Department's behalf, bonds for legislatively approved Turnpike projects. No more than \$10 billion of bonds may be outstanding to fund the approved Turnpike projects. With significant outstanding debt and plans to issue additional debt during the near term, the Department can be expected to spend increasing amounts of time and effort managing its debt program and making financial decisions with inherent long term implications for the Department, its patrons, and its investors.

The foundation of an effective debt program is a comprehensive debt management policy. The policy should recognize a long-term commitment to the full and timely repayment of all debt as a requirement for ongoing access to the capital markets. Adherence to an established debt management policy helps to ensure a sound debt position and credit quality protection.

The Florida Constitution, Florida Statutes, the Turnpike Bond Resolution as well as Department Policy collectively provide requirements for the management of the Turnpike program. In addition, the Department has implemented practices which complement these requirements and the value and security of Turnpike bonds.

1. The Department will restrict the use of Turnpike debt proceeds to fund, in whole or in part, the capital requirements of the Turnpike System.

2. Debt will not be used to fund operating and maintenance costs of the Turnpike System, or assets with useful lives of less than the final maturity of the bond issue.
3. The Department will continue to issue up to 30 year fixed rate bonds unless the Department and the Division of Bond Finance determine that it is in the best interest of the State to do otherwise. When refunding existing bonds for the purpose of cost saving, the Department, together with the Division of Bond Finance, will establish interest saving goals prior to refunding.
4. The Department intends to maintain actual annual debt coverage of at least 1.5 times Net Revenue or 2.0 times Gross Revenue.
5. To provide assurance to the Turnpike System bondholders that the future revenues of the Turnpike System will be available to pay debt service and the other obligations of the Turnpike Authorizing Resolution, the Department pledges that it will not sell, transfer, lease or otherwise divest itself of any Turnpike revenue producing asset.
6. The Department will annually review its capital plans and adjust them as necessary in order to comply with the annual debt coverage commitments.
7. The Department will prepare, at a minimum, a 36 month cash forecast and a 5 year financial plan. It will periodically prepare a 60 month cash forecast and 10 and 20 year financial plans to ensure that future resources are available to meet future capital and debt financing needs.
8. The Department will retain the services of both an independent nationally recognized Traffic Engineer and General Engineering Consultant in order to provide independent advice on the management of the Turnpike Program. In addition to other duties, the consultants will prepare cost and revenue estimates for all bonded projects and for any projects in which the Turnpike funds are used in partnership with funds from other non-Department entities. In the preparation of such estimates the Traffic Engineer shall recommend toll rates which are affordable but competitive.
9. The Department will prepare the Turnpike System books, records and accounts according to Generally Accepted Accounting Principles and cause such books, records and accounts to be annually audited by a nationally recognized firm of Certified Public Accountants.
10. It is the Department's intent to maintain excellent credit ratings and to provide a periodic information update to respective credit rating agencies as needed, but not less than on an annual basis. In addition, the Department will update the Division of Bond Finance, the State Board of Administration, the Transportation Commission, and appropriate Legislative Committees in regard to the operation and financial condition of the Turnpike System.



Kevin Thibault
Secretary